

Before the State of South Carolina
Department of Insurance

In the matter of:

Arch Insurance Company

300 First Stamford Place, 5th. Floor

Stamford, Connecticut 06902

SCDOI File Number 125450

**Consent Order
Imposing Administrative Penalty**

This matter comes before me pursuant to an agreement entered into between the State of South Carolina Department of Insurance and the above named respondent, a non-resident insurance company (the Company).

Upon review of this matter, I hereby find as fact, that Arch Insurance Company, while licensed to do business as a non-resident insurance company within the State of South Carolina, did fail to timely notify the Director of Insurance of its appointment of insurance producers Kathleen Walsh and Phill Jolley, with the South Carolina Firefighters' Insurance Services, LLC, to transact the business of insurance for the Company in this State. The respondent acknowledges this allegation and contends this failure resulted from inadvertence and oversight and not from any intent to avoid the requirements of the Law. Nevertheless, this type of action can have consequences that might ultimately lead to the revocation of a license to transact the business of insurance as a non-resident company in South Carolina, following a public hearing at the Administrative Law Court, pursuant to SC Code Ann. §38-43-130.

Prior to the initiation of any administrative proceedings by the Department against it, the Company and the Department agreed to submit the entire matter to me, along with their specific recommendation, for my summary decision. The consensual recommendation was that the Company would waive its right to a public hearing, and immediately submit, via certified check, a negotiated and consensual administrative penalty in the amount of \$3,000.00 dollars.

Section 38-43-40 requires every insurance Company to notify the Director of Insurance of the appointment of agents to take risks or transact any business of insurance in this State. The Director or his designee must be notified of the appointment before the agent takes any risks or transacts any business. The notification shall give the post office address and residence of the agent.

After a thorough review of the record, carefully considering the recommendation of the parties, and in accordance with my findings of fact, I now conclude, as a matter of law, that the Company had violated SC Code Ann. §§ 38-43-40 (Supp. 2005).

However, under the discretionary authority provided to me by the General Assembly within SC Code Ann. §§ 38-2-10 (1) and 38-43-130 (2005), I hereby impose against Arch Insurance Company, an administrative penalty in the amount of \$3,000.00 dollars, which must be paid within fifteen days of receipt of this consent order.

The parties have reached this recommendation in consideration of the Company's expeditiousness in resolving this matter, and its assurances that in the future will exercise more caution and fully comply with the insurance laws of South Carolina. The parties expressly agree and understand the Company's payment of the agreed-upon penalty constitutes full accord and satisfaction of this matter. This penalty includes all expenses related to investigation of this matter as provided in § 38-13-70 of the South Carolina Code.

By the signature of one of its representatives upon this consent order, the Company acknowledges that it understands that this administrative order is a public record subject to the disclosure requirements of the State of South Carolina's *Freedom of Information Act*, SC Code Ann. §§ 30-4-10, *et seq.* (1991 and Supp. 2005). Nothing contained within this administrative order should be construed to limit, or to deprive any person of, any private right of action under the law. Nothing contained within this administrative order should be construed to limit, in any manner, the criminal jurisdiction of any law enforcement officer or judicial officer. Nothing contained within this administrative order should be construed to limit the statutory duty, pursuant to SC Code Ann. § 38-3-110 (Supp. 2005), of the Director of Insurance, exercised either directly or through the Department of Insurance, to "report to the Attorney General or other appropriate law enforcement officials criminal violations of the laws relative to the business of insurance or the provisions of this title which he considers necessary to report."

It is therefore ordered that Arch Insurance Company shall, within fifteen days of receipt of this consent order, pay through the South Carolina Department of Insurance an administrative penalty in the amount of \$3,000.00 dollars.

It is further ordered that a copy of this consent order shall be transmitted to the National Association of Insurance Commissioners for distribution to its member states and a copy of this order placed in the Company's licensing file.

This consent order becomes effective as of the date of my signature below.

Aug 28, at
Columbia, South Carolina


Eleanor Kitzman
Director

I Consent:



Signature of Authorized Representative

Joseph S. Labell

Name
Vice President,
Secretary & Counsel

Title

Company's name and address:

Arch Insurance Company
300 First Stamford Pl. J
5th Fl.
Stamford CT 06902

Dated this 18 day of August, 2006.